

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

February 17, 2017

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on January 31, 2017, makes reference to County Communication 17-47, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2017 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, WASTEWATER OPERATIONS PROGRAM – SEWER FUND, ENVIRONMENTAL PROTECTION AND SUSTAINABILITY PROGRAM – SOLID WASTE MANAGEMENT FUND; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)."

The purpose of the proposed bill is to amend the Fiscal Year 2017 Budget by 1) increasing the estimated revenues for Interfund Transfers by \$201,307; 2) increasing Carryover/Savings from the Sewer Fund by \$201,307; 3) amending Section 3.B.3.c., Department of Environmental Management, by increasing the Wastewater Operations Program – Sewer Fund by \$201,307 under Category B (Operations), and adjusting the total accordingly; and 4) amending Section 3.B.3.f., Department of Environmental Management, by increasing the Environmental Protection and Sustainability Program – Solid Waste Management Fund, by \$201,307 under Category B (Operations), and adjusting the total accordingly.

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2. A Certification of Additional Revenues for Fiscal Year 2017, dated January 13, 2017, for \$201,307 in Carryover/Savings from the Sewer Fund.

By correspondence dated January 24, 2017, the Budget Director transmitted a revised proposed bill to amend the Fiscal Year 2017 Budget by 1) increasing the estimated revenues for Interfund Transfers by \$201,307; 2) increasing Carryover/Savings from the Sewer Fund by \$201,307; 3) increasing Carryover/Savings from the Solid Waste Management Fund by \$429,737; 4) amending Section 3.B.3.c., Department of Environmental Management, by increasing the Wastewater Operations Program – Sewer Fund, by \$201,307 under Category B (Operations), and adjusting the total accordingly; and 5) amending Section 3.B.3.f., Department of Environmental Management, by increasing the Environmental Protection and Sustainability Program – Solid Waste Management Fund, by \$20,000 under Category A (Salaries), and \$611,044 under Category B (Operations), and adjusting the appropriation totals accordingly.

Your Committee notes Ordinance 4356, Bill 85 (2016), amended Appendix B of the Fiscal Year 2017 Budget relating to fees for biosolids from \$90 to \$103 per ton; uncontaminated greenwaste from \$25 to \$36 per ton, and grease trap waste or contaminated cooking oil from \$67 to \$30 per ton.

The Deputy Director of Environmental Management said the Wastewater Division estimated the cost of sludge disposal at \$90 per ton, and upon increase of the fee, the budget was not adjusted to account for the additional cost. The proposed amendment of \$201,307 would properly account for expenditures related to sludge disposal for the Wastewater Reclamation Division and the Solid Waste Management Division.

He said the Department projects a shortfall for waste-processing contractual services for Fiscal Year 2017. He informed your Committee the bids for the following contracts were higher than anticipated: (1) EKO Systems, Inc., dba Maui EKO Systems, by \$459,169; and (2) Used Motor Oil contract by \$126,875.

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He said the Used Motor Oil Program has been temporarily discontinued because of insufficient funds. Malama Maui Nui has determined the program does not meet the core values of their organization and no longer provides the service. If the proposed amendment is approved, the program will be reinstated for the remainder of the fiscal year. Until such time, the Environmental Protection and Sustainability Division is asking the public to hold on to their used motor oil and not dispose it at the landfill.

The Deputy Director explained the request for \$20,000 for salaries and fringe benefit costs is for an unfunded Recycling Specialist IV position included in the Fiscal Year 2017 Budget. He said the position will be downgraded to a Recycling Specialist II to support the Abandoned Vehicle and Metals Program. In anticipation of approval of the proposed amendment, a redescription of the position has been prepared and the Division may consider an emergency hire until the end of the fiscal year.

Your Committee notes pursuant to Section 8-15.3(4) of the Revised Charter of the County of Maui (1983), as amended, the Director of Environmental Management shall "Guide efforts to optimize opportunities for environmental, natural resource protection, sustainability, conservation, and restoration."

Your Committee questioned the 2013 amendment to the County Charter relating to environmental protection and sustainability. The Deputy Director responded he has been tasked with overseeing the Division and feels the duties and functions of the Charter requirement relate to more than just the Department of Environmental Management. The matter relating to environmental protection and sustainability should be discussed further in the appropriate standing committee.

Your Committee voted 8-0 to recommend passage of the revised proposed bill on first reading and filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Crivello, Guzman, King, and Sugimura voted "aye." Committee member Cochran was excused.

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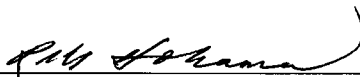
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Your Committee is in receipt of a further revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions that take into account prior amendments to the Fiscal Year 2017 Budget.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill _____ (2017), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2017 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, WASTEWATER OPERATIONS PROGRAM – SEWER FUND, ENVIRONMENTAL PROTECTION AND SUSTAINABILITY PROGRAM – SOLID WASTE MANAGEMENT FUND; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)," be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication 17-47 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

ORDINANCE NO. _____

BILL NO. _____ (2017)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2017 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT,
WASTEWATER OPERATIONS PROGRAM – SEWER FUND,
ENVIRONMENTAL PROTECTION AND SUSTAINABILITY PROGRAM
– SOLID WASTE MANAGEMENT FUND;
TOTAL OPERATING APPROPRIATIONS; AND
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4334, Bill No. 62 (2016), Draft 1, as amended, "Fiscal Year 2017 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Interfund Transfers in the amount of \$201,307, increasing Carryover/Savings from the Sewer Fund in the amount of \$201,307, increasing Carryover/Savings from the Solid Waste Management Fund in the amount of \$429,737; and by increasing Total Estimated Revenues in the amount of \$832,351, to read as follows:

"ESTIMATED REVENUES"

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes		273,887,388
Circuit Breaker Adjustment		(398,235)
Charges for Current Services		136,035,737
Transient Accommodations Tax		23,484,000
Public Service Company Tax		9,100,000
Licenses/Permits/Others		35,170,154
Fuel and Franchise Taxes		23,606,500
Special Assessments		5,975,000
Other Intergovernmental		35,275,000

FROM OTHER SOURCES:

Interfund Transfers	[45,967,103]	<u>46,168,410</u>
Bond/Lapsed Bond		36,179,000
Carryover/Savings:		
General Fund		18,186,419
Sewer Fund	[3,800,945]	<u>4,002,252</u>
Highway Fund		4,886,279
Solid Waste Management Fund	[22,086]	<u>451,823</u>
Golf Fund		458,756
Liquor Fund		797,883
Bikeway Fund		311,997
Water Fund		<u>7,751,766</u>

TOTAL ESTIMATED REVENUES [660,497,778] 661,330,129"

SECTION 2. Fiscal Year 2017 Budget is hereby amended as it pertains to Section 3.B.3.c., Department of Environmental Management, Wastewater Operations Program – Sewer Fund, by increasing the B – Operations and Total appropriation by \$201,307; and Section 3.B.3.f., Environmental Protection and Sustainability Program – Solid Waste Management Fund by increasing A – Salaries in the amount of \$20,000, increasing B – Operations in the amount of \$611,044 and Total appropriation by \$631,044, to read as follows:

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
“ 3. Department of Environmental Management				
a. Administration Program – General Fund	434,125	177,750	4,500	616,375
(1) Provided, that disbursement for salaries and premium pay is limited to 5.0 equivalent personnel.				
(2) Grant to Community Work Day Program, dba Malama Maui Nui	0	205,500	0	205,500
b. Wastewater Administration Program – Sewer Fund				
(1) General	1,364,576	1,597,375	6,000	2,967,951
(i) Provided, that disbursement for salaries and premium pay is limited to 18.0 equivalent personnel.				
(ii) Provided, that \$392,351 shall be for the new water and sewer billing system.				
(2) Contribution to General Fund – Employees’ Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	0	1,838,476	0	1,838,476
(3) Contribution to General Fund – Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	0	1,288,052	0	1,288,052
(4) Contribution to General Fund – Other Post-Employment Benefits (OPEB)	0	719,727	0	719,727
(5) Contribution to General Fund – Reimbursement for the Department of Environmental Management – Administration Program	0	462,023	0	462,023
(6) Debt Service	0	8,975,616	0	8,975,616

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
(7) Administrative Overhead Charge	0	4,151,453	0	4,151,453
(8) Transfer to Countywide Sewer Capital Improvement Reserve Fund	0	2,678,431	0	2,678,431
c. Wastewater Operations Program – Sewer Fund	6,401,648	[14,377,463] <u>14,578,770</u>	898,560	[21,677,671] <u>21,878,978</u>
(1) Provided, that disbursement for salaries and premium pay is limited to 100.0 equivalent personnel.				
(2) Provided, that \$50,000 shall be for professional services for painting and maintenance, and that a report shall be provided by the end of the third quarter on the efficacy of a professional services allocation as compared to an additional 1.0 equivalent personnel.				
d. Solid Waste Administration Program – Solid Waste Management Fund	1,004,892	304,944	9,300	1,319,136
(1) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel.				
(2) Contribution to General Fund – Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	0	1,558,937	0	1,558,937
(3) Contribution to General Fund – Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	0	1,092,205	0	1,092,205
(4) Contribution to General Fund – Other Post-Employment Benefits (OPEB)	0	610,293	0	610,293
(5) Contribution to General Fund – Reimbursement for the Department of Environmental Management – Administration Program	0	354,621	0	354,621
(6) Debt Service	0	5,027,310	0	5,027,310

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
(7) Administrative Overhead Charge	0	5,226,264	0	5,226,264
e. Solid Waste Operations Program – Solid Waste Management Fund	4,790,754	7,628,761	140,000	12,559,515
(1) Provided, that disbursement for salaries and premium pay is limited to 82.0 equivalent personnel.				
(2) Provided, that \$569,050 shall be for construction and demolition landfill expenditures because of the Maalaea landfill closure.				
f. Environmental Protection and Sustainability Program – Solid Waste Management Fund	[154,820] <u>174,820</u>	[4,901,935] <u>5,512,979</u>	1,200	[5,057,955] <u>5,688,999</u>
(1) Provided, that disbursement for salaries and premium pay is limited to 3.0 equivalent personnel.				
(2) Provided, that \$25,000 shall be for Community Work Day Program, dba Malama Maui Nui, to conduct West Maui recycling events.				

SECTION 3. Fiscal Year 2017 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an A – Salaries increase of \$20,000, B – Operations increase of \$812,351 and Total increase of \$832,351, to read as follows:

“TOTAL OPERATING APPROPRIATIONS	[174,888,440]	[362,528,378]	8,611,046	[546,027,864]
	<u>174,908,440</u>	<u>363,340,729</u>		<u>546,860,215</u> ”


SECTION 4. Fiscal Year 2017 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$832,351, to read as follows:

“TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)			[660,497,778]	<u>661,330,129</u> ”
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SECTION 5. Material to be repealed is bracketed. New material is underscored.

SECTION 6. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel

